

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2017-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO QUESTIONS 2(B-C)
OF CHAIRMAN'S INFORMATION REQUEST NO. 2
(October 25, 2016)**

The Postal Service hereby files its response to the above-captioned questions from Chairman's Information Request No. 2, issued on October 18, 2016. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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2. Please refer to Attachment B to the Notice and Library Reference USPS-LR-R2017-1/2, Excel file "CAPCALC-STD-R2017-1.xls."
- b. Attachment B (at page 15 of 19) reports the discount for Commercial and Nonprofit High Density Letters as \$0.091. In Excel file "CAPCALC-STD-R2017-1.xls," tab "HD-Sat-CR New Prices," the price for nonprofit origin Carrier Route Letters is \$0.209 and the price for nonprofit origin High Density Letters is \$0.124. This results in a discount of \$0.085. Please resolve this discrepancy and make necessary corrections to Excel file "CAPCALC-STD-R2017-1.xls" or Attachment B. In addition, if necessary, please provide a justification for the nonprofit discount differing from the commercial discount.
- c. Attachment B (at page 16 of 19) reports the discount for Commercial and Nonprofit High Density Flats as \$0.042. In Excel file "CAPCALC-STD-R2017-1.xls," tab "HD-Sat-CR New Prices," the price for nonprofit origin Carrier Route Flats is \$0.209 and the price for nonprofit origin High Density Flats is \$0.166. This results in a discount of \$0.043. Please resolve this discrepancy and make necessary corrections to Excel file "CAPCALC-STD-R2017-1.xls" or Attachment B. In addition, if necessary, please provide a justification for the nonprofit discount differing from the commercial discount.

RESPONSE:

b-c. To expedite this proceeding, the Postal Service plans to resolve these discrepancies by equalizing the commercial and nonprofit discounts. Following review by management and Governor approval, the Postal Service will submit revised prices, an updated CapCalc file, and updated Attachments.

However, the Postal Service does not believe that the price differences between the Carrier Route and High Density price categories (commercial and nonprofit) should be considered workshare discounts. Unlike workshare discounts, which involve mailers performing activities that the Postal Service would otherwise have to perform itself, a

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customer's decision to enter Carrier Route or High Density mail reflects mail density. Thus, a mailer's ability to access High Density or Carrier Route rates is not based on the amount of additional work the mailer performs for the Postal Service – it is simply a matter of the number of delivery points that the mailer is able to reach. While the Postal Service understands that this issue was presented in Docket No. RM2009-3, it urges the Commission to give renewed attention to this matter in a future proceeding.